

EXECUTION VERSION

To: Deutsche Trustee Company Limited
21 Moorfields, London
United Kingdom, EC2Y 9DB
(the “**Security Trustee**”)

Attention: The Managing Director

From: Thames Water Utilities Limited (the “**Proposer**” and “**TWUL**”)

Date: 25 October 2024

Re: STID Proposals in respect of (i) the Interim RP Launch Waiver; (ii) the Reserve Account Restricted Cash Release Waiver; (iii) the Compensation Account Restricted Cash Release Waiver; and (iv) the September Interim Accounts Waiver

In accordance with Clause 9.1 (*Instigation of STID Proposal*) of the security trust and intercreditor deed dated 30 August 2007 between, among others, the Proposer and the Security Trustee (as amended and restated on 16 September 2013, 1 July 2014 and 31 August 2018) (the “**STID**”), please find below a request to the Security Trustee to concur with certain waivers to the Finance Documents detailed in paragraph 2 (*Detail of STID Proposals*) below, in accordance with and subject to the votes of the Majority Creditors under Clause 8.2.2 (*Procedure for Modifications, Consents and Waivers*) of the STID (the “**STID Proposals**”).

Capitalised terms used but not defined in these STID Proposals have the meanings ascribed to them in the STID or the master definitions agreement (the “**MDA**”) dated 30 August 2007 (as amended and restated on 25 July 2008, 9 December 2011, 16 September 2013, 1 July 2014, 15 May 2015, 31 August 2018, 26 April 2019 and 26 June 2020).

The Obligors hereby confirm their acknowledgement and acceptance of the proposals set out in the STID Proposals. This document contains four separate and independent STID Proposals.

1 Reasons for the STID Proposals

1.1 Interim Recapitalisation Transaction

- 1.1.1 As at 30 June 2024, the TWU Financing Group had total liquidity of £1,809 million, comprising available cash of £1,513 million and undrawn committed bank facilities of £296 million.
- 1.1.2 The Proposer announced that Trigger Events had occurred on 9 July 2024 and, as a result of the continuation of these Trigger Events, the TWU Financing Group is not permitted to incur Financial Indebtedness under limb (j) of the definition of Permitted Financial Indebtedness, other than Qualifying Indebtedness (which, in summary, is limited to drawdowns, extensions and rollovers under existing Authorised Credit Facilities). As a result, the TWU Financing Group is currently significantly constrained in its ability to raise Financial Indebtedness.
- 1.1.3 As previously announced, the Proposer has been engaging with its creditors to seek to extend its liquidity runway. As part of these discussions, the Proposer has identified a potential solution to extend its liquidity runway through raising Financial Indebtedness under super senior financing and extending maturity and amortisation dates under the Senior Debt (the “**Interim Recapitalisation Transaction**”).

1.1.4 To facilitate implementation of the Interim Recapitalisation Transaction the TWU Financing Group is required to take certain actions (the “**Proposed Steps**”). The Proposed Steps are:

- (i) TWH proposing (and, if approved in accordance with its terms by the required majorities of creditors, implementing) a restructuring plan under Part 26A of the Companies Act 2006 in order to implement the required amendments, waivers and consents under the Finance Documents for the Interim Recapitalisation Transaction (the “**Interim Restructuring Plan**”);
- (ii) TWH entering into a deed of contribution in favour of TWUL and TWUF to facilitate the Interim Restructuring Plan (the “**Deed of Contribution**”), pursuant to which TWH will undertake to pay TWUL and TWUF (by way of contribution) an amount equal to its share of any payment made by TWUL or TWUF in respect of any liability under the Senior Debt and Subordinated Debt. TWH, while already a guarantor of the relevant liabilities will in substance, become a primary obligor, as a result of the Deed of Contribution; and
- (iii) the TWU Financing Group progressing a transaction support agreement entered into between, among others, TWUL and certain of its Secured Creditors on the date of the STID Proposals (the “**Transaction Support Agreement**”, which reference includes the Transaction Support Agreement as amended from time to time) to evidence the support of such Secured Creditors for the Interim Recapitalisation Transaction on the terms specified therein.

1.1.5 The Proposer considers that none of the Proposed Steps are restricted under the Finance Documents or would result in a Default or Event of Default until a claim form is filed with the court in respect of the Interim Restructuring Plan. Nevertheless, the Proposer recognises that the Proposed Steps need to occur to initiate the Interim Recapitalisation Plan and is therefore requesting a waiver of any Defaults or Events of Default which would occur directly as a consequence of the Proposed Steps (subject to the Waiver Conditions as defined and described below) being initiated. The Proposer believes that this waiver would be beneficial to Secured Creditors to enable the initiation of the Interim Restructuring Plan, which itself is intended to improve the financial resilience of the TWU Financing Group.

1.1.6 For the avoidance of doubt, approval of the consents and waivers proposed in these STID Proposals shall in no way constitute an approval of the terms and conditions of the Interim Recapitalisation Transaction or the Interim Restructuring Plan which will be sought separately in accordance with their terms.

1.2 Reserve Account Restricted Cash Release Waiver

1.2.1 As at the date of these STID Proposals, the TWU Financing Group holds approximately £341.79 million of cash in aggregate in the O&M Reserve Account, the Class A Debt Service Reserve Account and the Class B Debt Service Reserve Account (the “**Restricted Reserve Accounts**”).

1.2.2 The Proposer notes:

- (i) **Debt Service Reserve Account:** Pursuant to paragraph 4 (*DSR Liquidity Facility*) of Part 2 (*Financial Covenants*) of Schedule 4 (*Covenants*) to the

CTA, TWUF must maintain one or more DSR Liquidity Facilities available for drawing which, when aggregated with all amounts (including the value of any Authorised Investments) standing to the credit of the Debt Service Reserve Accounts of TWUF are not less than the cash amount of interest (including Lease Reserve Amounts and Adjusted Lease Reserve Amounts) payable on the Class A Debt, the Unsecured TWUF Bond Debt and the Class B Debt for the next succeeding 12 month period (after taking into account the impact on interest rates of such Class A Debt, the Unsecured TWUF Bond Debt and Class B Debt of any Hedging Agreement then in place).

Further, pursuant to paragraph 12 (*Debt Service Reserve Account*) of Schedule 11 (*Cash Management*) to the CTA, TWUF may only withdraw amounts from the Debt Service Reserve Accounts in limited circumstances – most relevantly, to cover a shortfall in respect of certain specified items in the Payment Priorities on a Payment Date.

- (ii) **O&M Reserve Account:** Pursuant to paragraph 5 (*O&M Reserve/O&M Reserve Facility*) of Part 2 (*Financial Covenants*) of Schedule 4 (*Covenants*) to the CTA, TWUF must at all times maintain an O&M Reserve and/or an O&M Reserve Facility available for drawing which, when aggregated with amounts (including the value of any Authorised Investments funded from O&M Reserve Accounts) standing to the credit of any O&M Reserve Account, amount to not less than 10 per cent. of Projected Operating Expenditure and Capital Maintenance Expenditure required for the forthcoming Test Period as determined on 31 March in each year in its budget for that Test Period.

Pursuant to paragraphs 8 (*TWUL's O&M Reserve Account*) and 11 (*Issuer's O&M Reserve Account*) of Schedule 11 (*Cash Management*) to the CTA, there is a restriction on drawing monies from the O&M Reserve Account except in limited circumstances – most relevantly, to pay operating and Capital Expenditure where it cannot be met from existing balances in the Operating Accounts.

1.2.3 In order to provide additional available liquidity for the TWU Financing Group, the Proposer is seeking to:

- (i) have the right to withdraw cash from the Restricted Reserve Accounts at any time and to use that cash towards the general corporate purposes or general working capital of the TWU Financing Group without any other restrictions under the Finance Documents on use or withdrawal except the Reserve Account Continuing Cash Release Restrictions (as defined and explained below); and
- (ii) waive any Default or Event of Default which would occur as a result of a breach of the maintenance requirements in paragraphs 4 and 5 of Part 2 (*Financial Covenants*) of Schedule 4 (*Covenants*) to the CTA which is directly caused by such a withdrawal from and use of cash from the Restricted Reserve Accounts,

(together, the “**Reserve Account Restricted Cash Release**”). The “**Reserve Account Continuing Cash Release Restrictions**” are: (i) TWUL and TWUF may not withdraw or use cash from the Restricted Reserve Accounts to fund any Restricted Payments (without limiting any restriction under the Finance Documents

or Transaction Support Agreement which prohibits or restricts Restricted Payments); and (ii) TWUL and TWUF may not withdraw or use cash from the Restricted Reserve Accounts which has been funded by a Standby Drawing to the extent restricted by the terms of the relevant Liquidity Facility.

1.2.4 The effect of the Reserve Account Restricted Cash Release on the cash management of the TWU Financing Group would operate as follows:

- (i) on each Payment Date, the Obligors would continue to apply monies credited to the Debt Service Payment Account in accordance with the Payment Priorities and would make all transfers to the Debt Service Payment Account from the Operating Accounts or the Restricted Reserve Accounts at the times and in the amounts required by the cash management provisions in Schedule 11 (*Cash Management*) to the CTA;
- (ii) to the extent that an Obligor is required to make a transfer to a Restricted Reserve Account pursuant to the Payment Priorities (for example, but without limitation, where required by paragraph 9.3(x) of Schedule 11 (*Cash Management*) to the CTA to top up to the Class A Required Balance) such transfers will be made to the relevant Restricted Reserve Account; and
- (iii) once the funds are so transferred as contemplated by paragraph 1.2.4(ii) above, they can be withdrawn on any date from the relevant Restricted Reserve Account to be applied towards the general corporate purposes or general working capital of the TWU Financing Group (subject to the Reserve Account Continuing Cash Release Restrictions).

1.2.5 The Proposer is requesting a waiver of the obligations of the TWU Financing Group to satisfy the maintenance requirements as set out in paragraphs 4 (*DSR Liquidity Facility*) and 5 (*O&M Reserve/O&M Reserve Facility*) of Part 2 (*Financial Covenants*) of Schedule 4 (*Covenants*) to the CTA, to comply with the withdrawal restrictions in paragraphs 8 (*TWUL's O&M Reserve Account*), 11 (*Issuer's O&M Reserve Account*) and 12 (*Debt Service Reserve Accounts*) of Schedule 11 (*Cash Management*) to the CTA and the Defaults or Events of Default which would occur under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA, in each case, where the applicable non-compliance arises directly as a consequence of the Reserve Account Restricted Cash Release.

1.2.6 The Proposer believes that these waivers would be beneficial to Secured Creditors, as it would improve the financial resilience of the TWU Financing Group and frees up additional liquidity for the implementation of the Proposed Steps.

1.3 Compensation Account Restricted Cash Release Waiver

1.3.1 As at the date of these STID Proposals, the TWU Financing Group may be required to transfer approximately £65 million of cash to the Compensation Account (the "**Compensation Account**") in the coming months.

1.3.2 Pursuant to paragraph 9(b) of Schedule 7 (*Hedging Policy and Overriding Provisions Relating to Hedging Agreements*) to the CTA (replicated in each Hedging Agreement), within three months of receipt of a notice of termination from a Hedge Counterparty (of the type described in paragraph 9(b) of Schedule 7 (*Hedging Policy*

and Overriding Provisions Relating to Hedging Agreements) to the CTA), TWUL is required to use all reasonable endeavours to either:

- (i) enter into a new, replacement swap transaction; or
- (ii) deposit an amount in the Compensation Account which TWUL estimates, in its reasonable opinion, is equal to the net amount payable to the Hedge Counterparty on termination.

1.3.3 TWUL received such a termination notice from one of its Hedge Counterparties dated 27 August 2024 and accordingly is required to use all reasonable endeavours to either enter into a new, replacement swap transaction, or deposit amounts into the Compensation Account.

1.3.4 Pursuant to paragraph 13 of Schedule 11 (*Cash Management*) to the CTA, TWUL may only withdraw amounts from the Compensation Account to meet termination sums due under the relevant Hedging Agreement. The Compensation Account is subject to Security in favour of all Secured Creditors, not just the relevant Hedge Counterparty.

1.3.5 In order to provide additional available liquidity for the TWU Financing Group, the Proposer is seeking to:

- (i) have the right to withdraw cash from the Compensation Account at any time and to use that cash towards the general corporate purposes or general working capital of the TWU Financing Group without any other restrictions under the Finance Documents on use or withdrawal except the Compensation Account Continuing Cash Release Restrictions (as defined and explained below); and
- (ii) waive any Default or Event of Default which is directly caused by such withdrawal from and use of cash from the Compensation Account,

(together, the “**Compensation Account Restricted Cash Release**”). The “**Compensation Account Continuing Cash Release Restrictions**” are that TWUL and TWUF may not withdraw or use cash from the Compensation Account to fund any Restricted Payments (without limiting any restriction under the Finance Documents or Transaction Support Agreement which prohibits or restricts Restricted Payments).

1.3.6 As such, the Proposer is requesting a waiver of:

- (i) any requirement to only withdraw amounts standing to the credit of the Compensation Account for the purposes specified in paragraph 13 (*Compensation Account*) of Schedule 11 (*Cash Management*) to the CTA (but without prejudice to any requirement to make payment to the Compensation Account in accordance with the Payment Priorities) so as to permit the Compensation Account Restricted Cash Release (subject to the Compensation Account Continuing Cash Release Restrictions); and
- (ii) any Default or Event of Default which occurs under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA in respect of the covenant in paragraph 13 (*Compensation Account*) of Schedule 11 (*Cash Management*)

to the CTA directly as a consequence of the Compensation Account Restricted Cash Release.

- 1.3.7 In terms of the effects of the Compensation Account Restricted Cash Release on the cash management of the TWU Financing Group, TWUL or TWUF would continue to make any payments, deposits or transfers to the Compensation Account to the extent required by the Finance Documents (for example, pursuant to the Payment Priorities). Once the funds are so paid, deposited or transferred, they can be withdrawn on any date from the Compensation Account to be applied towards the general corporate purposes or general working capital of the TWU Financing Group (subject to the Compensation Account Continuing Cash Release Restrictions).
- 1.3.8 The Proposer believes that this waiver would be beneficial to Secured Creditors, as it would improve the financial resilience of the TWU Financing Group and frees up additional liquidity for the implementation of the Proposed Steps.

1.4 Financial Statement Waiver

- 1.4.1 Pursuant to paragraph 1 (*Financial Statements*) of Part 1 (*Information Covenants*) of Schedule 4 (*Covenants*) to the CTA, the Obligors are required to supply to the Security Trustee their unaudited interim financial statements within five Business Days of the date upon which they are available, and in any event within 90 days of the end of the relevant financial period to which they relate. In respect of their unaudited interim financial statements for the period ending 30 September 2024 (the “**September Interim Accounts**”), the Obligors must provide the September Interim Accounts by no later than 29 December 2024.
- 1.4.2 Given the current liquidity runway discussions which the Proposer is seeking to address with the Interim Recapitalisation Transaction, the Proposer is proposing that the Obligors do not deliver the September Interim Accounts at all.
- 1.4.3 The Proposer is requesting a waiver of the requirement to deliver the September Interim Accounts pursuant to paragraph 1 (*Financial Statements*) of Part 1 (*Information Covenants*) of Schedule 4 (*Covenants*) to the CTA and any Default or Event of Default which would occur under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) directly as a consequence of the non-delivery of the September Interim Accounts.
- 1.4.4 The Proposer believes that this waiver would be beneficial to Secured Creditors, to enable management time to focus on and prioritise the Interim Recapitalisation Transaction and ancillary workstreams. The next financial statements, being the audited financial statements for the financial year ended 31 March 2025 are intended be delivered in accordance with the CTA following the intended Interim Recapitalisation Transaction.
- 1.4.5 For the avoidance of doubt, the proposed waiver of the requirement to deliver the September Interim Accounts shall not affect or waive the requirement for the Issuer, TWUL and TWUF to deliver a Compliance Certificate within five Business Days of the date upon which its interim financial statements are available and, in any event, no later than 29 December 2024 (the “**Interim Compliance Certificate**”) as required pursuant to paragraph 2 (*Compliance Certificate*) of Part 1 (*Information Covenants*) to Schedule 4 (*Covenants*) to the CTA, nor the requirement for TWUL to provide an

investor report pursuant to paragraph 5 (*Investors Report*) of Part 1 (*Information Covenants*) to Schedule 4 (*Covenants*) to the CTA (with such investor report to be made available in the same manner as the prior investor reports on the TWU Financing Group's website). All applicable financial ratios will continue to be tested.

2 Requested Waivers; Detail of the STID Proposals

2.1 This paragraph 2 sets out in full the requested waivers to the CTA (together, the "**Waivers**" and each a "**Waiver**").

2.2 As explained in paragraph 1.1, above, the Proposer requests, subject to paragraph 2.6 below, a waiver of any Default or Event of Default which occurs under Schedule 6 (*Events of Default*) to the CTA directly as a consequence of the Proposed Steps, other than where it would relate to the waiver of or have the effect of changing:

2.2.1 any Event of Default under Paragraph 1 (*Non-payment*) of Part 1 (*Events of Default (TWH)*) of Schedule 6 (*Events of Default*) to the CTA;

2.2.2 any Event of Default under Paragraph 1 (*Non-payment*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA;

2.2.3 any Event of Default under Paragraph 17 (*Ratios*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA;

2.2.4 any of the Trigger Events contained in Paragraph 1 (*Financial Ratios*) of Part 1 of Schedule 5 (*Trigger Events*) to the CTA; and

2.2.5 any of the provisions contained in Paragraph 37 (*Restricted Payments*) of Part 3 (*General Covenants*) of Schedule 4 (*Covenants*) to the CTA,

(the "**Interim RP Launch Waiver**").

2.3 As explained in paragraph 1.2 above, the Proposer requests, subject to paragraph 2.6 below, a waiver of:

2.3.1 any requirement to maintain on an ongoing basis the O&M Reserve Required Amount and the Required Balance where the shortfall in the O&M Reserve Required Amount or the Required Balance is a direct consequence of the Reserve Account Restricted Cash Release from the Restricted Reserve Accounts (but without prejudice to any requirement to make payment to the Restricted Reserve Accounts in an amount up to the Class A Required Balance, the Class B Required Balance or the O&M Reserve Required Amount (as applicable) in accordance with the Payment Priorities);

2.3.2 any Default or Event of Default which occurs under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA in respect of the covenants in paragraphs 4 (*DSR Liquidity Facility*) and 5 (*O&M Reserve / O&M Reserve Facility*) of Part 2 (*Financial Covenants*) of Schedule 4 (*Covenants*) to the CTA directly as a consequence of the Reserve Account Restricted Cash Release;

2.3.3 any requirement to only withdraw amounts standing to the credit of the Restricted Reserve Accounts for the purposes specified in paragraphs 8 (*TWUL's O&M Reserve Account*), 11 (*Issuer's O&M Reserve Account*) or 12 (*Debt Service Reserve Accounts*) of Schedule 11 (*Cash Management*) to the CTA, as applicable, so as to

permit the Reserve Account Restricted Cash Release from the relevant Restricted Reserve Account (subject to the Reserve Account Continuing Cash Release Restrictions); and

- 2.3.4 any Default or Event of Default which occurs under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA in respect of the covenants in paragraphs 8 (*TWUL's O&M Reserve Account*), 11 (*Issuer's O&M Reserve Account*) or 12 (*Debt Service Reserve Accounts*) of Schedule 11 (*Cash Management*) to the CTA, as applicable, directly as a consequence of the Reserve Account Restricted Cash Release,

(the “**Reserve Account Restricted Cash Release Waiver**”).

- 2.4 As explained in paragraph 1.3 above, the Proposer requests, subject to paragraph 2.6 below, a waiver of:

- 2.4.1 any requirement to only withdraw amounts standing to the credit of the Compensation Account for the purposes specified in paragraph 13 (*Compensation Account*) of Schedule 11 (*Cash Management*) to the CTA (but without prejudice to any requirement to make payment to the Compensation Account in accordance with the Payment Priorities) so as to permit the Compensation Account Restricted Cash Release (subject to the Compensation Account Continuing Cash Release Restrictions); and

- 2.4.2 any Default or Event of Default which occurs under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) to the CTA in respect of the covenant in paragraph 13 (*Compensation Account*) of Schedule 11 (*Cash Management*) to the CTA directly as a consequence of the Compensation Account Restricted Cash Release,

(the “**Compensation Account Restricted Cash Release Waiver**”).

- 2.5 As explained in paragraph 1.4, above, the Proposer requests, subject to paragraph 2.6 below, a waiver of:

- 2.5.1 any requirement to deliver the September Interim Accounts pursuant to paragraph 1 (*Financial Statements*) of Part 1 (*Information Covenants*) of Schedule 4 (*Covenants*) to the CTA; and

- 2.5.2 any Default or Event of Default which occurs under paragraph 2 (*Breach of other obligations*) of Part 2 (*Events of Default (TWUL, TWUF and the Issuer)*) of Schedule 6 (*Events of Default*) in respect of any breach of the covenant in paragraph 1 (b)(ii) (*Financial Statements*) of Part 1 (*Information Covenants*) of Schedule 4 (*Covenants*) to the CTA which occurs directly as a consequence of the non-delivery of the September Interim Accounts,

(the “**September Interim Accounts Waiver**”).

- 2.6 If approved pursuant to the applicable STID Proposal, each relevant Waiver shall apply on and from the date on which the Waiver Letter is executed, but the continued application of each approved Waiver is subject to the conditions specified below:

- 2.6.1 the Interim RP PSL being issued on or before 27 November 2024; and

- 2.6.2 the “Effective Date Conditions” to the Transaction Support Agreement having been satisfied on or before 27 November 2024, and the Transaction Support Agreement

not being terminated at any time pursuant to clauses 15.1 (*Automatic termination*) (other than for the Transaction Effective Date as defined in the Transaction Support Agreement), 15.2 (*Termination by agreement*) (other than where the Transaction Support Agreement has been terminated and replaced by a transaction support agreement that has been entered into by the Approving Parties as defined in the Transaction Support Agreement), 15.3 (*Termination by the Majority Class A Consenting Creditors*) or 15.4 (*Termination by the Company Parties*) of the Transaction Support Agreement,

(the “**Waiver Conditions**”). The “**Interim RP PSL**” means a letter prepared in accordance with the Chancery Division High Court Practice Statement (Companies: Schemes of Arrangement under Part 26 and Part 26A of the Companies Act 2006) issued on 26 June 2020 to be sent to all creditors and shareholders who will be affected by the Interim Restructuring Plan informing them of the proposed Interim Restructuring Plan and the proposed convening hearing.

- 2.7** If a Waiver Condition is not satisfied in respect of a Waiver at a time it is required to be satisfied, that Waiver shall cease to apply and have any effect on and from the date on which such Waiver Condition was not satisfied when required pursuant to paragraph 2.6 above.
- 2.8** A certificate from the Proposer (signed by two directors of the Proposer without personal liability) delivered to the Security Trustee on behalf of the Secured Creditors that a Waiver Condition is or has ceased to be satisfied shall, in the absence of manifest error, be conclusive evidence as to the matter so certified (a “**Waiver Condition Certificate**”). The Proposer shall promptly deliver a Waiver Condition Certificate to the Security Trustee on any Waiver Condition being or ceasing to be satisfied.
- 2.9** Without prejudice to the Proposer’s obligations under paragraph 2.8 above, at any time after the date on which the Waivers become effective or ceasing to be effective, the Proposer may deliver to the Security Trustee a Waiver Condition Certificate as to the relevant Waiver Condition.
- 2.10** The Proposer acknowledges and agrees that the Security Trustee may rely upon the statements, certifications, confirmations, consents and acknowledgements by the Proposer contained in a Waiver Condition Certificate, and the Security Trustee shall not be required to make any investigation in respect thereof. The Proposer further acknowledges and agrees that the Security Trustee shall have the benefit of the Proposer’s indemnity under Clause 16.4 of the STID.
- 2.11** **Without prejudice to the Waiver Conditions, the approval of a Waiver is not conditional on the approval of any other Waiver; therefore, for example, if the Majority Creditors approve the Interim RP Launch Waiver but do not approve the Reserve Account Restricted Cash Release Waiver, the Compensation Account Restricted Cash Release Waiver or the September Interim Accounts Waiver, the Interim RP Launch Waiver must still be implemented (and, in this regard, each Waiver shall be treated as a separate STID Proposal (within the meaning given in the MDA)).**

3 Transaction Support Agreement

In parallel with these STID Proposals, the TWU Financing Group has entered into the Transaction Support Agreement to help secure support for the Interim Recapitalisation Transaction. By approving these STID Proposals a Qualifying Class A Secured Creditor does not automatically accede to the Transaction Support Agreement.

4 Certification by the Proposer

4.1 Pursuant to and in accordance with Clause 9.2 (*Minimum Content of STID Proposal*) of the STID, the Proposer hereby certifies to the Security Trustee that in its opinion, in relation to each of the STID Proposals:

- (i) only the consent of the Majority Creditors under Clause 9.2.1 (*Minimum Content of STID Proposal*) of the STID (such consent must be received by 2 December (the “**STID Voting Date**”)) is required to implement the relevant STID Proposal in accordance with the terms of the Waiver Letter; and
- (ii) no Entrenched Right or Reserved Matter applies in respect of any STID Proposal contained herein in the manner prescribed above and, as such, the consent of no other Secured Creditor (or where applicable, their Secured Creditor Representative(s)) is required pursuant to the Entrenched Rights and Reserved Matters in the STID.

4.2 The Proposer also certifies that these STID Proposals will not impose any additional obligations or liabilities on the Security Trustee.

4.3 The Proposer notes that pursuant to Clause 9.5.1 (*Effective Time of Majority Creditor Decisions on STID Proposals*) of the STID, the Security Trustee is duly authorised and must promptly implement the relevant STID Proposals following the earlier of:

- 4.3.1 the date on which the Security Trustee has received votes in favour of the relevant STID Proposals from DIG Representatives representing more than 50 per cent. of the Outstanding Principal Amount of the Qualifying Class A Debt; and
- 4.3.2 the STID Voting Date if the Majority Creditors have voted in favour of the relevant STID Proposals,

by entering into a waiver letter with the Obligors in the form appended to these STID Proposals (the “**Waiver Letter**”).

5 Bondholder Meetings

The Class A Bondholders shall vote on these STID Proposals through the Bond Trustee or TWUF Bond Trustee, as applicable, as their Class A DIG Representative. TWUF will convene meetings of each Sub-Class or Series, as applicable, of Class A Bonds to consider each of the STID Proposals. The STID Voting Date is timed to allow such meetings to take place and the Bond Trustee or TWUF Bond Trustee, as applicable, (as Class A DIG Representative of the Class A Bondholders) to be instructed to vote on each Waiver the subject of the relevant STID Proposal, in respect of each individual Sub-Class or Series, as applicable, of Class A Bonds, as Class A DIG Representative accordingly.

6 Implementation of the STID Proposals

6.1 Subject to Clause 9.5 (*Effective Time of Majority Creditor Decisions on STID Proposal*) of the STID, the Security Trustee shall notify each Secured Creditor (or, where applicable, its Secured Creditor Representative) and each Secondary Market Guarantor of the decision of the Majority Creditors on each of the STID Proposals promptly following the STID Voting Date (or such earlier date in accordance with the STID) and, provided that the Majority Creditors approve the relevant STID Proposal, the Waivers will be effective pursuant to and in accordance with the Waiver Letter on the date of such notice and pursuant to Clause 9.7

(Binding Decisions of Majority Creditors) of the STID such Waivers will bind the Secured Creditors and the Secondary Market Guarantors.

- 6.2** Each of the STID Proposals constitutes a certificate for the purposes of Clause 8.16 (*Certificates Conclusive*) and Clause 15.4.3 (*Protections*) of the STID.
- 6.3** Contemporaneously with the implementation of each relevant STID Proposals, the Proposer agrees to deliver a certificate to the Security Trustee certifying that: (a) all information provided to Secured Creditors in connection with the STID Proposals is true, accurate and not misleading in any material respect; and (b) the Finance Documents shall remain in full force and effect (subject to the terms of the Waiver Letter executed in accordance with these STID Proposals).

Yours faithfully

THE PROPOSER

THAMES WATER UTILITIES LIMITED



.....
By: Chris Weston, CEO



.....
By: Adrian Montague

OBLIGORS

THAMES WATER UTILITIES FINANCE PLC



.....
By: Chris Weston, CEO



.....
By: Adrian Montague

THAMES WATER UTILITIES HOLDINGS LIMITED



.....
By: Chris Weston, CEO



.....
By: Adrian Montague

Appendix 1
Form of Waiver Letter

WAIVER LETTER

Deutsche Trustee Company Limited
21 Moorfields
London EC2Y 9DB

[•] 2024

To: Thames Water Utilities Limited (the “**Proposer**”)

Dear Sir or Madam

- 1 We refer to (i) the STID Proposals dated 25 October 2024 (the “**STID Proposals**”) delivered pursuant to Clause 9.1 (*Instigation of STID Proposal*) of the Security Trust and Intercreditor Deed dated 30 August 2007 (as amended from time to time) made between, inter alios, the Proposer and Deutsche Trustee Company Limited (the “**Security Trustee**”) (the “**STID**”) and (ii) the notice of the decision of the Majority Creditors in respect of the STID Proposals dated on or around the date hereof (the “**Notice of Approval**”).
- 2 Terms defined in the STID Proposals have the same meaning when used in this letter unless otherwise expressly defined herein.
- 3 As set out in the Notice of Approval, the Security Trustee has received sufficient votes in favour of [the Interim RP Launch Waiver] [and] [the Reserve Account Restricted Cash Release Waiver] [and] [the Compensation Account Restricted Cash Release Waiver] [and] [the September Interim Accounts Waiver]¹ which each are their own STID Proposal (the “**Approved STID Proposals**”).
- 4 Pursuant to Clause 9.5.1 (*Effective Time of Majority Creditor Decisions on STID Proposal*) of the STID, the Security Trustee is duly authorised and must promptly implement the Approved STID Proposals following the earlier of:
 - (i) the date on which the Security Trustee has received votes in favour of the Approved STID Proposals from DIG Representatives representing more than 50 per cent. of the Outstanding Principal Amount of the Qualifying Class A Debt; and
 - (ii) the STID Voting Date if the Majority Creditors have voted in favour of the Approved STID Proposals.
- 5 Pursuant to Clause 9.7 (*Binding Decisions of Majority Creditors*) and Clause 9.8 (*Binding Vote of DIG Representatives*), consent in paragraph 4 above is binding on all parties to the STID.
- 6 For the purposes Clause 9.1 (*Instigation of STID Proposal*) of the STID, and in order to implement the Approved STID Proposals, the Security Trustee consents to the [Interim RP Launch Waiver], [the Reserve Account Restricted Cash Release Waiver], [the Compensation Account Restricted Cash Release Waiver] [and] [the September Interim Accounts Waiver] as set out in, and subject to the conditions in, the STID Proposals².
- 7 This letter and all non-contractual or other obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law. Clause 21.1

¹ **Drafting note:** to be broken out as necessary depending on which STID Proposal is passed.

² **Drafting note:** to be broken out as necessary depending on which STID Proposal is passed.

(*Jurisdiction*) of the Common Terms Agreement applies to this letter and is binding on the Security Trustee and the Proposer as if set out in full in this letter.

Yours faithfully

Deutsche Trustee Company Limited (as Security Trustee)

By: _____

By: _____

We acknowledge receipt of the Waiver Letter.
THE PROPOSER

THAMES WATER UTILITIES LIMITED

.....
By:

.....
By:

OBLIGORS

THAMES WATER UTILITIES FINANCE PLC

.....
By:

.....
By:

THAMES WATER UTILITIES HOLDINGS LIMITED

.....
By:

.....
By: